

### **HOUSE BILL No. 1008**

DIGEST OF HB 1008 (Updated February 23, 2007 6:10 pm - DI 97)

**Citations Affected:** IC 6-3.1; IC 6-7; IC 12-7; IC 12-15; IC 12-17.6; IC 12-17.9; noncode.

Synopsis: Health coverage. Provides for a tax credit related to employee wellness programs. Increases the cigarette tax by 25 cents per pack for deposit in the health coverage fund. Increases the income limit for Medicaid eligibility for pregnant women from 150% to 200% of the federal income poverty level. Creates the health coverage program to be administered by the office of the children's health insurance program (CHIP). Provides for 12 continuous months of eligibility for an eligible child under Medicaid, CHIP, or the health coverage program. Establishes the health coverage fund to fund the health coverage program. Establishes the healthy Indiana task force. Requires establishment of a demonstration project for a health care management program and a pilot project for small employers to obtain health care coverage for employees. Makes conforming changes. Makes an appropriation.

Effective: Upon passage; July 1, 2007.

# Brown C, Brown T, Welch

January 17, 2007, read first time and referred to Committee on Rules and Legislative

February 7, 2007, reassigned to Committee on Public Health.
February 15, 2007, amended, reported — Do Pass. Recommitted to Committee on Ways

February 20, 2007, amended, reported — Do Pass. February 23, 2007, read second time, amended, ordered engrossed.











First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type:

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

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## **HOUSE BILL No. 1008**

A BILL FOR AN ACT to amend the Indiana Code concerning human services and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1	SECTION 1. IC 6-3.1-31 IS ADDED TO THE INDIANA CODE
2	AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3	JULY 1, 2007]:
4	Chapter 31. Employee Wellness Program Tax Credit
5	Sec. 1. As used in this chapter, "pass through entity" means:
6	(1) a corporation that is exempt from the adjusted gross
7	income tax under IC 6-3-2-2.8(2);
8	(2) a partnership;
9	(3) a limited liability company; or
10	(4) a limited liability partnership.
11	Sec. 2. As used in this chapter, "state tax liability" means a
12	taxpayer's total tax liability that is incurred under:
13	(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
14	(2) IC 6-5.5 (the financial institutions tax); and
15	(3) IC 27-1-18-2 (the insurance premiums tax);
16	as computed after the application of the credits that under

IC 6-3.1-1-2 are to be applied before the credit provided by this



1	chapter.	
2	Sec. 3. As used in this chapter, "taxpayer" means an individual	
3	or entity that has any state tax liability.	
4	Sec. 4. As used in this chapter, "wellness program" means a	
5	program that rewards:	
6	(1) overweight employees for losing weight and all employees	
7	for maintaining a healthy weight; or	
8	(2) employees for not using tobacco.	
9	Sec. 5. A taxpayer is entitled to a credit against the taxpayer's	
10	state tax liability for a taxable year in an amount equal to fifty	
11	percent (50%) of the costs incurred by the taxpayer during the	
12	taxable year for providing a wellness program for the taxpayer's	
13	employees during the taxable year.	
14	Sec. 6. If a pass through entity is entitled to a credit under	
15	section 5 of this chapter but does not have state tax liability against	_
16	which the tax credit may be applied, a shareholder, partner, or	
17	member of the pass through entity is entitled to a tax credit equal	
18	to:	
19	(1) the tax credit determined for the pass through entity for	
20	the taxable year; multiplied by	
21	(2) the percentage of the pass through entity's distributive	
22	income to which the shareholder, partner, or member is	
23	entitled.	
24	Sec. 7. (a) If the credit provided by this chapter exceeds the	
25	taxpayer's state tax liability for the taxable year for which the	
26	credit is first claimed, the excess may be carried forward to	
27	succeeding taxable years and used as a credit against the	
28	taxpayer's state tax liability during those taxable years. Each time	T T
29	that the credit is carried forward to a succeeding taxable year, the	
30	credit is to be reduced by the amount that was used as a credit	
31	during the immediately preceding taxable year.	
32	(b) A taxpayer is not entitled to any carryback or refund of any	
33	unused credit.	
34	Sec. 8. To receive the credit provided by this chapter, a taxpayer	
35	must claim the credit on the taxpayer's state tax return or returns	
36	in the manner prescribed by the department. The taxpayer shall	
37	submit to the department all information that the department	
38	determines is necessary for the calculation of the credit provided	
39	by this chapter.	
40	SECTION 2. IC 6-7-1-12 IS AMENDED TO READ AS FOLLOWS	

[EFFECTIVE JULY 1, 2007]: Sec. 12. (a) The following taxes are

imposed, and shall be collected and paid as provided in this chapter,



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upon the sale, exchange, bartering, furnishing, giving away, or otherwise disposing of cigarettes within the state of Indiana:

- (1) On cigarettes weighing not more than three (3) pounds per thousand (1,000), a tax at the rate of two and seven hundred seventy-five thousandths of a cent (\$0.02775) four and twenty-five thousandths cents (\$0.04025) per individual cigarette.
- (2) On cigarettes weighing more than three (3) pounds per thousand (1,000), a tax at the rate of three five and six thousand eight hundred eighty-one ten-thousandths of a cent (\$0.036881) three hundred forty-nine thousandths cents (\$0.05349) per individual cigarette, except that if any cigarettes weighing more than three (3) pounds per thousand (1,000) shall be more than six and one-half (6 1/2) inches in length, they shall be taxable at the rate provided in subdivision (1), counting each two and three-fourths (2 3/4) inches (or fraction thereof) as a separate cigarette.
- (b) Upon all cigarette papers, wrappers, or tubes, made or prepared for the purpose of making cigarettes, which are sold, exchanged, bartered, given away, or otherwise disposed of within the state of Indiana (other than to a manufacturer of cigarettes for use by him in the manufacture of cigarettes), the following taxes are imposed, and shall be collected and paid as provided in this chapter:
  - (1) On fifty (50) papers or less, a tax of one-half cent (\$0.005).
  - (2) On more than fifty (50) papers but not more than one hundred (100) papers, a tax of one cent (\$0.01).
  - (3) On more than one hundred (100) papers, one-half cent (\$0.005) for each fifty (50) papers or fractional part thereof.
  - (4) On tubes, one cent (\$0.01) for each fifty (50) tubes or fractional part thereof.

SECTION 3. IC 6-7-1-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 17. (a) Distributors who hold certificates and retailers shall be agents of the state in the collection of the taxes imposed by this chapter and the amount of the tax levied, assessed, and imposed by this chapter on cigarettes sold, exchanged, bartered, furnished, given away, or otherwise disposed of by distributors or to retailers. Distributors who hold certificates shall be agents of the department to affix the required stamps and shall be entitled to purchase the stamps from the department at a discount of one and two-tenths nine tenths percent (1.2%) (0.9%) of the amount of the tax stamps purchased, as compensation for their labor and expense.

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1	(b) The department may permit distributors who hold certificates	
2	and who are admitted to do business in Indiana to pay for revenue	
3	stamps within thirty (30) days after the date of purchase. However, the	
4	privilege is extended upon the express condition that:	
5	(1) except as provided in subsection (c), a bond or letter of credit	
6	satisfactory to the department, in an amount not less than the sales	
7	price of the stamps, is filed with the department; and	
8	(2) proof of payment is made of all local property, state income,	
9	and excise taxes for which any such distributor may be liable. The	
10	bond or letter of credit, conditioned to secure payment for the	
11	stamps, shall be executed by the distributor as principal and by a	
12	corporation duly authorized to engage in business as a surety	
13	company or financial institution in Indiana.	
14	(c) If a distributor has at least five (5) consecutive years of good	
15	credit standing with the state, the distributor shall not be required to	
16	post a bond or letter of credit under subsection (b).	
17	SECTION 4. IC 6-7-1-28.1 IS AMENDED TO READ AS	
18	FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 28.1. The taxes,	
19	registration fees, fines, or penalties collected under this chapter shall	
20	be deposited in the following manner:	
21	(1) Six Four and six-tenths ninety-four hundredths percent	
22	(6.6%) (4.94%) of the money shall be deposited in a fund to be	
23	known as the cigarette tax fund.	
24	(2) Ninety-four Seventy hundredths percent (0.94%) (0.70%) of	
25	the money shall be deposited in a fund to be known as the mental	
26	health centers fund.	
27	(3) Eighty-three Sixty-two and ninety-seven ninety-one	
28	hundredths percent (83.97%) (62.91%) of the money shall be	
29	deposited in the state general fund.	
30	(4) Eight Six and forty-nine thirty-six hundredths percent	
31	(8.49%) (6.36%) of the money shall be deposited into the pension	
32	relief fund established in IC 5-10.3-11.	
33	(5) Twenty-five and nine hundredths percent (25.09%) of the	
34	money shall be deposited into the health coverage fund	
35	established by IC 12-17.9-14.	
36	The money in the cigarette tax fund, the mental health centers fund, the	
37	health coverage fund, or the pension relief fund at the end of a fiscal	
38	year does not revert to the state general fund. However, if in any fiscal	
39	year, the amount allocated to a fund under subdivision (1) or (2) is less	
40	than the amount received in fiscal year 1977, then that fund shall be	
41	credited with the difference between the amount allocated and the	

amount received in fiscal year 1977, and the allocation for the fiscal



1	year to the fund under subdivision (3) shall be reduced by the amount
2	of that difference.
3	SECTION 5. IC 12-7-2-15.3 IS ADDED TO THE INDIANA CODE
4	AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
5	1, 2007]: Sec. 15.3. "Application agent", for purposes of IC 12-17.9,
6	has the meaning set forth in IC 12-17.9-1-2.
7	SECTION 6. IC 12-7-2-28, AS AMENDED BY P.L.145-2006,
8	SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
9	JULY 1, 2007]: Sec. 28. "Child" means the following:
10	(1) For purposes of IC 12-17.2, an individual who is less than
11	eighteen (18) years of age.
12	(2) For purposes of IC 12-17.9, the meaning set forth in
13	IC 12-17.9-1-3.
14	(2) (3) For purposes of IC 12-26, the meaning set forth in
15	IC 31-9-2-13(d).
16	SECTION 7. IC 12-7-2-76.4 IS ADDED TO THE INDIANA CODE
17	AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
18	1, 2007]: Sec. 76.4. "Employer sponsored health coverage" has the
19	meaning set forth in IC 12-17.9-1-4.
20	SECTION 8. IC 12-7-2-91 IS AMENDED TO READ AS
21	FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 91. "Fund" means the
22	following:
23	(1) For purposes of IC 12-12-1-9, the fund described in
24	IC 12-12-1-9.
25	(2) For purposes of IC 12-13-8, the meaning set forth in
26	IC 12-13-8-1.
27	(3) For purposes of IC 12-15-20, the meaning set forth in
28	IC 12-15-20-1.
29	(4) For purposes of IC 12-17-12, the meaning set forth in
30	IC 12-17-12-4.
31	(5) For purposes of IC 12-17.6, the meaning set forth in
32	IC 12-17.6-1-3.
33	(6) For purposes of IC 12-17.9, the meaning set forth in
34	IC 12-17.9-1-5.
35	(6) (7) For purposes of IC 12-18-4, the meaning set forth in
36	IC 12-18-4-1.
37	(7) (8) For purposes of IC 12-18-5, the meaning set forth in
38	IC 12-18-5-1.
39	(8) (9) For purposes of IC 12-19-7, the meaning set forth in
40	IC 12-19-7-2.
41	(9) (10) For purposes of IC 12-23-2, the meaning set forth in
42	IC 12-23-2-1.





1	(10) (11) For purposes of IC 12-23-18, the meaning set forth in
2	IC 12-23-18-4.
3	(11) (12) For purposes of IC 12-24-6, the meaning set forth in
4	IC 12-24-6-1.
5	(12) (13) For purposes of IC 12-24-14, the meaning set forth in
6	IC 12-24-14-1.
7	(13) (14) For purposes of IC 12-30-7, the meaning set forth in
8	IC 12-30-7-3.
9	SECTION 9. IC 12-7-2-134 IS AMENDED TO READ AS
10	FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 134. "Office" means
11	the following:
12	(1) Except as provided in subdivisions (2) and (3), the office of
13	Medicaid policy and planning established by IC 12-8-6-1.
14	(2) For purposes of IC 12-10-13, the meaning set forth in
15	IC 12-10-13-4.
16	(3) For purposes of IC 12-17.6, the meaning set forth in
17	IC 12-17.6-1-4.
18	(4) For purposes of IC 12-17.9, the meaning set forth in
19	IC 12-17.9-1-6.
20	SECTION 10. IC 12-7-2-146 IS AMENDED TO READ AS
21	FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 146. "Program" refers
22	to the following:
23	(1) For purposes of IC 12-10-7, the adult guardianship services
24	program established by IC 12-10-7-5.
25	(2) For purposes of IC 12-10-10, the meaning set forth in
26	IC 12-10-10-5.
27	(3) For purposes of IC 12-17.6, the meaning set forth in
28	IC 12-17.6-1-5.
29	(4) For purposes of IC 12-17.9, the meaning set forth in
30	IC 12-17.9-1-7.
31	SECTION 11. IC 12-7-2-164 IS AMENDED TO READ AS
32	FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 164. "Resident" has the
33	following meaning:
34	(1) For purposes of IC 12-10-15, the meaning set forth in
35	IC 12-10-15-5.
36	(2) For purposes of IC 12-16, except IC 12-16-1, an individual
37	who has actually resided in Indiana for at least ninety (90) days.
38	(3) For purposes of IC 12-17.9, the meaning set forth in
39	IC 12-17.9-1-8.
40	(3) (4) For purposes of IC 12-20-8, the meaning set forth in
41	IC 12-20-8-1.
42	(4) (5) For purposes of IC 12-24-5, the meaning set forth in



1	IC 12-24-5-1.
2	SECTION 12. IC 12-7-2-196.7 IS ADDED TO THE INDIANA
3	CODE AS A <b>NEW</b> SECTION TO READ AS FOLLOWS
4	[EFFECTIVE JULY 1, 2007]: Sec. 196.7. "Usual and customary or
5	reasonable charge", for purposes of IC 12-17.9, has the meaning
6	set forth in IC 12-17.9-1-9.
7	SECTION 13. IC 12-15-2-15.8 IS ADDED TO THE INDIANA
8	CODE AS A <b>NEW</b> SECTION TO READ AS FOLLOWS
9	[EFFECTIVE JULY 1, 2007]: Sec. 15.8. An individual who is less
10	than nineteen (19) years of age and who is eligible for Medicaid
11	under section 14 of this chapter is eligible to receive Medicaid until
12	the earlier of the following:
13	(1) The end of a period of twelve (12) consecutive months
14	following a determination of the individual's eligibility for
15	Medicaid.
16	(2) The individual becomes nineteen (19) years of age.
17	SECTION 14. IC 12-15-2-13 IS AMENDED TO READ AS
18	FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) A pregnant
19	woman:
20	(1) who is not described in 42 U.S.C. 1396a(a)(10)(A)(i); and
21	(2) whose family income does not exceed the income level
22	established in subsection (b);
23	is eligible to receive Medicaid.
24	(b) A pregnant woman described in this section is eligible to receive
25	Medicaid, subject to subsections (c) and (d) and 42 U.S.C. 1396a et
26	seq., if her family income does not exceed one two hundred fifty
27	percent (150%) (200%) of the federal income poverty level for the
28	same size family.
29	(c) Medicaid made available to a pregnant woman described in this
30	section is limited to medical assistance for services related to
31	pregnancy, including prenatal, delivery, and postpartum services, and
32	to other conditions that may complicate pregnancy.
33	(d) Medicaid is available to a pregnant woman described in this
34	section for the duration of the pregnancy and for the sixty (60) day
35	postpartum period that begins on the last day of the pregnancy, without
36	regard to any change in income of the family of which she is a member
37	during that time.
38	(e) The office may apply a resource standard in determining the
39	eligibility of a pregnant woman described in this section.



41 42 eligibility of a pregnant woman described in this section.

SECTION 15. IC 12-17.6-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Subject to

subsection (b), a child who is eligible for the program shall receive

1	services from the program until the earlier of the following:
2	(1) The child becomes financially ineligible. end of a period of
3	twelve (12) consecutive months following the determination of
4	the child's eligibility for the program.
5	(2) The child becomes nineteen (19) years of age.
6	(b) Subsection (a) applies only if the child and the child's family
7	comply with enrollment requirements.
8	SECTION 16. IC 12-17.9 IS ADDED TO THE INDIANA CODE
9	AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY
10	1, 2007]:
11	ARTICLE 17.9. HEALTH COVERAGE
12	Chapter 1. Definitions
13	Sec. 1. The definitions in this chapter apply throughout this
14	article.
15	Sec. 2. "Application agent" means an organization or
16	individual, including a licensed health care provider, a school, a
17	youth service agency, an employer, a labor union, a local chamber
18	of commerce, a community organization, or another organization,
19	that is approved by the office to assist in enrolling children in the
20	program.
21	Sec. 3. "Child" means an individual who is less than nineteen
22	(19) years of age.
23	Sec. 4. "Employer sponsored health coverage" means coverage
24	that:
25	(1) is available through an employer; and
26	(2) provides coverage for health care services provided to a
27	dependent child.
28	Sec. 5. "Fund" refers to the health coverage fund established by
29	IC 12-17.9-14-1.
30	Sec. 6. "Office" refers to the office of the children's health
31	insurance program established by IC 12-17.6-2-1.
32	Sec. 7. "Program" refers to the health coverage for children
33	program established by IC 12-17.9-2-1.
34	Sec. 8. "Resident" means an individual who is:
35	(1) in Indiana for a purpose other than a temporary or
36	transitory purpose during the taxable year; or
37	(2) domiciled in Indiana, but is absent from Indiana for a
38	temporary or transitory purpose during the taxable year.
39	Sec. 9. "Usual and customary or reasonable charge" means a
40	charge for health care services consistent with the average charge
41	for similar health care services furnished by similar health care
42	providers in a particular geographic area.



1	Chapter 2. Health Coverage for Children Program
2	Sec. 1. The health coverage for children program is established.
3	Sec. 2. The office shall administer the program.
4	Sec. 3. The office has the same powers and authority to
5	administer the program as the powers and duties available to the
6	office under IC 12-17.6.
7	Sec. 4. The office shall coordinate the program with existing
8	children's health programs operated by state agencies.
9	Chapter 3. Eligibility
10	Sec. 1. To be eligible for the program, an individual must be a
11	child:
12	(1) who is a resident;
13	(2) who is ineligible for coverage under the:
14	(A) children's health insurance program under IC 12-17.6;
15	or
16	(B) Medicaid program under IC 12-15; and
17	(3) to whom one (1) of the following applies:
18	(A) The child has been without health coverage for a
19	period of at least six (6) months.
20	(B) The child previously was covered by affordable
21	dependent health coverage through a parent's employment
22	and is no longer covered due to the parent's loss of
23	employment.
24	(C) The child is a newborn for whom affordable private
25	health coverage or employer sponsored health coverage is
26	not available.
27	(D) The child, less than six (6) months before applying for
28	coverage under the program, lost coverage under the
29	children's health insurance program under IC 12-17.6 or
30	the Medicaid program under IC 12-15.
31	Sec. 2. (a) An administrator licensed under IC 27-1-25, an
32	insurer that holds a certificate of authority under IC 27 to issue or
33	deliver a policy of accident and sickness insurance (as defined in
34	IC 27-8-5-1), and a health maintenance organization that holds a
35	certificate of authority under IC 27-13 shall provide health
36	coverage data match information to the office for the use of the
37	office in determining an individual's eligibility for the program.
38	(b) Personal information contained in the data provided to the
39	office under subsection (a) is confidential and may not be disclosed
40	or used for any other purpose.
41	(c) The office, in collaboration with the department of
42	insurance, shall adopt rules under IC 4-22-2:



1	(1) to govern the exchange of information under this section;	
2	and	
3	(2) that are consistent with laws relating to the confidentiality	
4	and privacy of personal information, including the federal	
5	Health Insurance Portability and Accountability Act.	
6	Sec. 3. The office shall:	
7	(1) monitor the availability and retention of employer	
8	sponsored health coverage; and	
9	(2) modify a period specified in section 1(3) of this chapter as	
10	necessary to promote retention of private health coverage or	
11	employer sponsored health coverage and timely access to	
12	health care services. However, the period described in section	
13	1(3)(A) of this chapter may not be less than six (6) months.	
14	Sec. 4. The office may consider the affordability of dependent	
15	health coverage in making a determination concerning whether	
16	employer sponsored health coverage is available upon	
17	reemployment of a child's parent described in section 1(3)(B) of	
18	this chapter.	
19	Sec. 5. A child who is eligible for the program under this	
20	chapter remains eligible for twelve (12) months if the child:	
21	(1) remains a resident;	
22	(2) is less than nineteen (19) years of age; and	
23	(3) is not excluded under section 6 of this chapter.	
24	Sec. 6. (a) A child is not eligible for coverage under the program	_
25	if:	
26	(1) the premium required under IC 12-17.9-8 has not been	
27	timely paid; or	
28	(2) the child is an inpatient in a public institution or an	
29	institution for mental illness.	
30	(b) If a premium described in subsection (a)(1) is not paid:	
31	(1) the liability of the program is limited to benefits received	
32	under the program for the period for which premiums have	
33	been paid;	
34	(2) the child is ineligible for reenrollment in the program for	
35	at least three (3) months;	
36	(3) reenrollment in the program must be completed before the	
37	next covered medical visit; and	
38	(4) the first month's premium after reenrollment must be paid	
39	before the next covered medical visit.	
40	Chapter 4. Enrollment in Program	
41	Sec. 1. The office shall develop procedures to allow application	
42	agents to assist in enrolling children in the program or other	



1	children's health programs.
2	Sec. 2. At the office's discretion, technical assistance payments
3	may be made for approved applications facilitated by an
4	application agent.
5	Chapter 5. Program Outreach and Marketing
6	Sec. 1. The office may provide grants to application agents and
7	other community based organizations to educate the public about
8	the availability of the program.
9	Sec. 2. The office shall adopt rules under IC 4-22-2 regarding
10	performance standards and outcome measures expected of
11	organizations that are awarded grants under this chapter,
12	including penalties for nonperformance of contract standards.
13	Chapter 6. Health Coverage for Children
14	Sec. 1. The office shall purchase or provide for eligible children
15	health coverage, except for nonemergency transportation, that is
16	identical to the coverage provided for children under the children's
17	health insurance program under IC 12-17.6.
18	Sec. 2. If cost effective, the office may, as an alternative to the
19	coverage required under section 1 of this chapter, offer subsidies
20	toward the cost of private health coverage or employer sponsored
21	health coverage.
22	Sec. 3. The office may offer to a child who would be eligible for
23	the program, but does not meet at least one (1) of the requirements
24	of IC 12-17.9-3-1(3), the following:
25	(1) Partial coverage if the child is covered under a private,
26	high deductible health coverage plan.
27	(2) A limited package of benefits if the child is covered under
28	private health coverage or employer sponsored health
29	coverage that does not provide dental, vision, or other
30	particular benefits.
31	Sec. 4. (a) Subject to subsection (b), the office has sole discretion
32	to determine the:
33	(1) content and availability of;
34	(2) terms of eligibility for; and
35	(3) efficacy and cost effectiveness of providing;
36	benefits described in sections 2 and 3 of this chapter.
37	(b) In making the determination under subsection (a), the office
38	shall consider the need to promote retention of private health
39	coverage and employer sponsored health coverage.
40	Chapter 7. Health Coverage for Adults Plan
41	Sec. 1. The office shall establish a plan through which the office
42	purchases or provides health coverage to individuals who:



1	(1) are residents;
2	(2) are at least nineteen (19) years of age;
3	(3) have a family income equal to not more than one hundred
4	percent (100%) of the federal income poverty level; and
5	(4) do not have coverage for health care services.
6	Sec. 2. The health coverage made available under this chapter
7	must include benefits determined by the office.
8	Chapter 8. Cost Sharing
9	Sec. 1. (a) The office shall adopt rules under IC 4-22-2 to
0	establish cost sharing requirements, including:
1	(1) copayments and coinsurance for health care services
2	(other than well baby or well child health care services and
.3	age appropriate immunizations required by law); and
4	(2) monthly premiums for coverage under the program;
.5	for children receiving coverage described in IC 12-17.9-6-1.
6	(b) Cost sharing requirements established under subsection (a)
7	must be determined under a sliding scale based on family income.
8	(c) The office may periodically modify the cost sharing
9	requirements established under this section.
20	Sec. 2. Children enrolled in private health coverage or employer
21	sponsored health coverage for which a subsidy is provided as
22	described in IC 12-17.9-6-2 are subject to the cost sharing
23	provisions stated in the private health coverage or employer
24	sponsored health coverage plan.
25	Sec. 3. Notwithstanding any other law, rates paid by the office
26	for coverage under the program may not be considered in
27	determining a usual and customary or reasonable charge.
28	Chapter 9. Study
29	Sec. 1. The office shall conduct a study that does the following:
0	(1) Establishes estimates of the following that are calculated
31	using data compiled from particular regions of Indiana:
32	(A) Number of children who have health coverage.
3	(B) Number of children who do not have health coverage.
34	(C) Number of children who are eligible for Medicaid
55	under IC 12-15 or the children's health insurance program
56	under IC 12-17.6.
57	(D) Number of children who are enrolled in Medicaid
8	under IC 12-15 or the children's health insurance program
9	under IC 12-17.6.
10	(E) Number of children who have access to employer
1	sponsored health coverage.
12	(F) Number of children who are enrolled in employer



1	sponsored health coverage.	
2	(2) Surveys families:	
3	(A) whose children have access to employer sponsored	
4	health coverage; and	
5	(B) who decline the coverage described in clause (A);	
6	concerning the reason for declining the coverage.	
7	(3) Ascertains, for the population of children accessing	
8	employer sponsored health coverage or who have access to the	
9	coverage, the:	_
10	(A) comprehensiveness of coverage available;	
11	(B) cost sharing associated with the coverage; and	
12	(C) amount of cost sharing currently required of	
13	employees.	
14	(4) Measures health outcomes or other benefits for children	
15	using the program.	
16	(5) Analyzes the effects of enrollment in the program on use	
17	of health care services by children after enrollment compared	
18	to use of health care services before enrollment.	
19	Sec. 2. The study described in section 1 of this chapter must be	
20	conducted annually and must compare the data for each year with	
21	the data for the immediately preceding year.	
22	Sec. 3. The office shall submit the results of the study conducted	
23	under this chapter to the governor and, in an electronic format	
24	under IC 5-14-6, to the legislative council as follows:	
25	(1) Preliminary results, not later than July 1, 2009.	
26	(2) Final results, not later than July 1, 2011.	
27	Chapter 10. Consultation With Interested Parties	
28	Sec. 1. The office shall present details regarding implementation	
29	of the program to the select joint commission on Medicaid	
30	oversight established by IC 2-5-26-3.	
31	Sec. 2. The select joint commission on Medicaid oversight serves	
32	as the forum for health care providers, advocates, consumers, and	
33	other interested parties to advise the office with respect to the	
34	program.	
35	Chapter 11. Federal Financial Participation	
36	Sec. 1. The office, in cooperation with the office of Medicaid	
37	policy and planning established by IC 12-8-6-1, shall request	
38	necessary state plan amendments or waivers of federal	
39	requirements to allow receipt of federal funds to implement the	
40	program.	
41	Sec. 2. The failure of a responsible federal agency to approve a	
42	state plan amendment or waiver requested under section 1 of this	



1	chapter does not prevent the implementation of this article.	
2	Chapter 12. Rulemaking	
3	Sec. 1. (a) The office shall adopt under IC 4-22-2 rules necessary	
4	to implement this article, including rules:	
5	(1) regarding annual eligibility renewals;	
6	(2) providing for reenrollment, grace periods, notice	
7	requirements, and hearing procedures related to a	
8	determination of ineligibility under IC 12-17.9-3-6(a)(1) or	
9	IC 12-17.9-3-6(b); and	
10	(3) used to determine availability and affordability of private	
11	health coverage or employer sponsored health coverage,	
12	including consideration of:	
13	(A) the percentage of income needed to purchase child or	
14	family health coverage;	
15	(B) the availability of employer subsidies; and	
16	(C) other relevant factors.	
17	(b) The office may adopt emergency rules under IC 4-22-2-37.1	
18	to implement this article.	
19	Chapter 13. Subrogation	
20	Sec. 1. The program is subrogated to all claims, demands, and	
21	causes of action for injuries to an individual covered under the	
22	program for all amounts paid by the program from the time of	
23	injury of the individual to the date of recovery on the claim,	
24	demand, or cause of action.	
25	Chapter 14. Health Coverage Fund	
26	Sec. 1. The health coverage fund is established to provide	
27	funding for the program and the plan established under	
28	IC 12-17.9-7-1. The fund shall be administered by the office.	V
29	Sec. 2. The fund consists of the following:	J
30	(1) Money deposited in the fund under IC 6-7-1-28.1.	
31	(2) Donations to the fund.	
32	(3) Appropriations made by the general assembly.	
33	Sec. 3. The expenses of administering the fund shall be paid	
34	from money in the fund.	
35	Sec. 4. The treasurer of state shall invest the money in the fund	
36	not currently needed to meet the obligations of the fund in the same	
37	manner as other public money may be invested. (Interest that	
38	accrues from these investments shall be deposited in the fund.)	
39	Sec. 5. Money in the fund at the end of a state fiscal year does	
40	not revert to the state general fund.	
41	Sec. 6. There is annually appropriated to the office the money	
42	in the fund for the use of the office in carrying out the purposes	



1	described in section 1 of this chapter.
2	SECTION 17. [EFFECTIVE JULY 1, 2007] (a) As used in this
3	SECTION, "task force" refers to the healthy Indiana task force
4	established by subsection (b).
5	(b) The healthy Indiana task force is established to:
6	(1) study and provide guidance to the state concerning
7	expanding coverage for health care services for all children in
8	Indiana;
9	(2) develop methods to increase availability of affordable
0	coverage for health care services for all Indiana residents;
1	and
2	(3) make recommendations to the legislative council.
.3	(c) The task force:
4	(1) shall operate under the policies governing study
.5	committees adopted by the legislative council; and
.6	(2) may request funding from the legislative council to hire
.7	consultants.
. 8	(d) The affirmative votes of a majority of the voting members
9	appointed to the task force are required for the task force to take
20	action on any measure, including final reports.
21	(e) The task force consists of the following voting members:
22	(1) Eight (8) members appointed by the speaker of the house
23	of representatives, three (3) of whom are appointed based on
24	the recommendation of the minority leader of the house of
2.5	representatives and none of whom are legislators.
26	(2) Eight (8) members appointed by the president pro tempore
27	of the senate, three (3) of whom are appointed based on the
28	recommendation of the minority leader of the senate and none
29	of whom are legislators.
30	(f) In making appointments under subsection (e), the speaker of
51 52	the house of representatives and the president pro tempore of the
3	senate shall each appoint one (1) member representing each of the following:
54	(1) Hospitals.
55	(2) Insurance companies.
66	(3) Primary care providers.
57	(4) Health professionals who are not primary care providers.
8	(5) Minority health concern experts.
19	(6) Business.
10	(7) Organized labor.
1	(8) Consumers.
12	(σ) The chairman of the legislative council shall annoint the



1	chairperson of the task force.
2	(h) The task force shall report findings and make
3	recommendations in a final report to the legislative council in an
4	electronic format under IC 5-14-6 before November 1, 2008.
5	(i) The task force expires November 1, 2008, unless the
6	legislative council extends the work of the task force until
7	November 1, 2009.
8	(j) If the legislative council extends the work of the task force
9	until November 1, 2009, the task force shall submit additional
10	findings and recommendations in a final report before November
11	1, 2009.
12	(k) This SECTION expires January 1, 2010.
13	SECTION 18. [EFFECTIVE UPON PASSAGE] (a) As used in this
14	SECTION, "office" refers to the office of Medicaid policy and
15	planning established by IC 12-8-6-1.
16	(b) The office shall apply to the United States Department of
17	Health and Human Services for any amendment to the state
18	Medicaid plan or demonstration waiver that is needed to
19	implement IC 12-17.9, as added by this act.
20	(c) The office may not implement the amendment or waiver
21	until the office files an affidavit with the governor attesting that the
22	amendment or waiver applied for under this SECTION is in effect.
23	The office shall file the affidavit under this subsection not more
24	than five (5) days after the office is notified that the amendment or
25	waiver is approved.
26	(d) If the office receives approval for the amendment or waiver
27	under this SECTION from the United States Department of Health
28	and Human Services and the governor receives the affidavit filed
29	under subsection (c), the office shall implement the amendment or
30	waiver not more than sixty (60) days after the governor receives
31	the affidavit.
32	(e) The office may adopt rules under IC 4-22-2 to implement this
33	SECTION.
34	SECTION 19. [EFFECTIVE JULY 1, 2007] Notwithstanding
35	IC 6-7-1-14, revenue stamps paid for before July 1, 2007, and in the
36	possession of a distributor may be used after June 30, 2007, only if
37	the full amount of the tax imposed by IC 6-7-1-12, as effective after
38	June 30, 2007, and as amended by this act, is remitted to the
39	department of state revenue under the procedures prescribed by
40	the department.

SECTION 20. [EFFECTIVE UPON PASSAGE] (a) As used in this

SECTION, "corporation" refers to the health and hospital



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1	corporation of Marion County.
2	(b) As used in this SECTION, "office" refers to the office of
3	Medicaid policy and planning established by IC 12-8-6-1.
4	(c) As used in this SECTION, "program" refers to the health
5	care management program established under subsection (d).
6	(d) Before June 1, 2008, the office shall establish a
7	demonstration project for a health care management program to
8	allow the office to do the following:
9	(1) Offer to Medicaid recipients who reside in Marion County
10	the opportunity to receive Medicaid services provided solely
11	by the corporation, including any clinic operated by the
12	corporation. The offer must be extended to a number of
13	Medicaid recipients that is sufficiently large to result in a
14	percentage of recipients accepting the offer to provide
15	meaningful data to guide the establishment and
16	implementation of the program under subdivision (2).
17	(2) Require the corporation to establish and implement a
18	program of health care management applying to all Medicaid
19	recipients in Indiana and modeled on the United States
20	Department of Veterans Affairs Quality Enhancement
21	Research Initiative.
22	(3) Include in the program payment incentives for:
23	(A) health care providers; and
24	(B) administrators;
25	of the corporation to reward the achievement of objectives
26	established for the program.
27	(e) The office and the corporation shall study the impact of
28	implementing the program under subsection (d)(2), including the
29	impact the program has on the:
30	(1) quality; and
31	(2) cost;
32	of health care provided to Medicaid recipients in Indiana.
33	(f) The office shall consult with the Regenstrief Institute for
34	Health Care in developing, implementing, and studying the
35	program.
36	(g) The office shall apply to the United States Department of
37	Health and Human Services for any amendment to the state
38	Medicaid plan or demonstration waiver that is needed to
39	implement this SECTION. The corporation shall assist the office
40	in requesting the amendment or demonstration waiver and, if the
41	amendment or waiver is approved, establishing and implementing



the amendment or waiver.

1	(h) The office may not implement the amendment or waiver
2	until the office files an affidavit with the governor attesting that the
3	amendment or waiver applied for under this SECTION is in effect.
4	The office shall file the affidavit under this subsection not more
5	than five (5) days after the office is notified that the amendment or
6	waiver is approved.
7	(i) If the office receives approval for the amendment or waiver
8	under this SECTION from the United States Department of Health
9	and Human Services and the governor receives the affidavit filed
10	under subsection (h), the office shall implement the amendment or
11	waiver not more than sixty (60) days after the governor receives
12	the affidavit.
13	(j) The office may adopt rules under IC 4-22-2 to implement this
14	SECTION.
15	(k) The office shall, before July 1 of each year, report to the
16	legislative council in an electronic format under IC 5-14-6
17	concerning the demonstration project developed and implemented
18	under this SECTION.
19	(I) This SECTION expires January 1, 2013.
20	SECTION 21. [EFFECTIVE UPON PASSAGE] (a) As used in this
21	SECTION, "corporation" refers to the health and hospital
22	corporation of Marion County.
23	(b) As used in this SECTION, "insurer" includes the following:
24	(1) An insurer (as defined in IC 27-8-11-1).
25	(2) An administrator licensed under IC 27-1-25.
26	(3) A health maintenance organization (as defined in
27	IC 27-13-1-19).
28	(4) A person that pays or administers claims on behalf of an
29	insurer or a health maintenance organization.
30	(c) As used in this SECTION, "office" refers to the office of
31	Medicaid policy and planning established by IC 12-8-6-1.
32	(d) As used in this SECTION, "small employer" has the
33	meaning set forth in IC 27-8-15-14.
34	(e) Before June 1, 2008, the office shall develop, with the
35	corporation, a pilot project through which small employers that
36	are unable to afford to offer health care coverage for employees of
37	the small employers may obtain access to affordable health care
38	coverage for the employees.
39	(f) The office may adopt rules under IC 4-22-2 to implement this
40	SECTION.

(g) If the pilot project results in the availability of health care

coverage to small employer groups through the pilot project at a



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1	premium rate that is at least twenty percent (20%) less than a	
2	comparable health benefit plan available to small employer groups	
3	in Indiana, an insurer may not enter into or enforce an agreement	
4	with the corporation that contains a provision that:	
5	(1) prohibits, or grants the insurer an option to prohibit, the	
6	corporation from contracting with another insurer to accept	
7	lower payment for health care services than the payment	
8	specified in the agreement;	
9	(2) requires, or grants the insurer an option to require, the	
10	corporation to accept a lower payment from the insurer if the	
11	corporation agrees with another insurer to accept lower	
12	payment for health care services;	
13	(3) requires, or grants the insurer an option to require,	
14	termination or renegotiation of the agreement if the	
15	corporation agrees with another insurer to accept lower	
16	payment for health care services; or	
17	(4) requires the corporation to disclose the corporation's	
18	reimbursement rates under contracts with other insurers.	
19	(h) The office shall report to the legislative council in an	
20	electronic format under IC 5-14-6 concerning the development and	
21	implementation of a pilot project under this SECTION before	
22	December 1, 2008.	
23	(i) This SECTION expires December 31, 2013.	
24	SECTION 22. [EFFECTIVE JULY 1, 2007] IC 6-3.1-31, as added	
25	by this act, applies to taxable years beginning after December 31,	
26	2007.	
27	SECTION 23. An emergency is declared for this act.	
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#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1008, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning human services.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1008 as introduced.)

BROWN C, Chair

Committee Vote: yeas 8, nays 0.

#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1008, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning human services and to make an appropriation.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1008 as printed February 16, 2007.)

CRAWFORD, Chair

Committee Vote: yeas 12, nays 11.

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#### HOUSE MOTION

Mr. Speaker: I move that House Bill 1008 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-3.1-31 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 31. Employee Wellness Program Tax Credit

Sec. 1. As used in this chapter, "pass through entity" means:

- (1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) a partnership;
- (3) a limited liability company; or
- (4) a limited liability partnership.
- Sec. 2. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:
  - (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
  - (2) IC 6-5.5 (the financial institutions tax); and
  - (3) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

- Sec. 3. As used in this chapter, "taxpayer" means an individual or entity that has any state tax liability.
- Sec. 4. As used in this chapter, "wellness program" means a program that rewards:
  - (1) overweight employees for losing weight and all employees for maintaining a healthy weight; or
  - (2) employees for not using tobacco.
- Sec. 5. A taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year in an amount equal to fifty percent (50%) of the costs incurred by the taxpayer during the taxable year for providing a wellness program for the taxpayer's employees during the taxable year.
- Sec. 6. If a pass through entity is entitled to a credit under section 5 of this chapter but does not have state tax liability against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:
  - (1) the tax credit determined for the pass through entity for the taxable year; multiplied by

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(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

Sec. 7. (a) If the credit provided by this chapter exceeds the taxpayer's state tax liability for the taxable year for which the credit is first claimed, the excess may be carried forward to succeeding taxable years and used as a credit against the taxpayer's state tax liability during those taxable years. Each time that the credit is carried forward to a succeeding taxable year, the credit is to be reduced by the amount that was used as a credit during the immediately preceding taxable year.

(b) A taxpayer is not entitled to any carryback or refund of any unused credit.

Sec. 8. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit provided by this chapter."

Page 15, between lines 26 and 27, begin a new paragraph and insert: "SECTION 20. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "corporation" refers to the health and hospital corporation of Marion County.

- (b) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.
- (c) As used in this SECTION, "program" refers to the health care management program established under subsection (d).
- (d) Before June 1, 2008, the office shall establish a demonstration project for a health care management program to allow the office to do the following:
  - (1) Offer to Medicaid recipients who reside in Marion County the opportunity to receive Medicaid services provided solely by the corporation, including any clinic operated by the corporation. The offer must be extended to a number of Medicaid recipients that is sufficiently large to result in a percentage of recipients accepting the offer to provide meaningful data to guide the establishment and implementation of the program under subdivision (2).
  - (2) Require the corporation to establish and implement a program of health care management applying to all Medicaid recipients in Indiana and modeled on the United States Department of Veterans Affairs Quality Enhancement

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Research Initiative.

- (3) Include in the program payment incentives for:
  - (A) health care providers; and
  - (B) administrators;
- of the corporation to reward the achievement of objectives established for the program.
- (e) The office and the corporation shall study the impact of implementing the program under subsection (d)(2), including the impact the program has on the:
  - (1) quality; and
  - (2) cost;
- of health care provided to Medicaid recipients in Indiana.
- (f) The office shall consult with the Regenstrief Institute for Health Care in developing, implementing, and studying the program.
- (g) The office shall apply to the United States Department of Health and Human Services for any amendment to the state Medicaid plan or demonstration waiver that is needed to implement this SECTION. The corporation shall assist the office in requesting the amendment or demonstration waiver and, if the amendment or waiver is approved, establishing and implementing the amendment or waiver.
- (h) The office may not implement the amendment or waiver until the office files an affidavit with the governor attesting that the amendment or waiver applied for under this SECTION is in effect. The office shall file the affidavit under this subsection not more than five (5) days after the office is notified that the amendment or waiver is approved.
- (i) If the office receives approval for the amendment or waiver under this SECTION from the United States Department of Health and Human Services and the governor receives the affidavit filed under subsection (h), the office shall implement the amendment or waiver not more than sixty (60) days after the governor receives the affidavit.
- (j) The office may adopt rules under IC 4-22-2 to implement this SECTION.
- (k) The office shall, before July 1 of each year, report to the legislative council in an electronic format under IC 5-14-6 concerning the demonstration project developed and implemented under this SECTION.
  - (I) This SECTION expires January 1, 2013. SECTION 21. [EFFECTIVE UPON PASSAGE] (a) As used in this

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SECTION, "corporation" refers to the health and hospital corporation of Marion County.

- (b) As used in this SECTION, "insurer" includes the following:
  - (1) An insurer (as defined in IC 27-8-11-1).
  - (2) An administrator licensed under IC 27-1-25.
  - (3) A health maintenance organization (as defined in IC 27-13-1-19).
  - (4) A person that pays or administers claims on behalf of an insurer or a health maintenance organization.
- (c) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.
- (d) As used in this SECTION, "small employer" has the meaning set forth in IC 27-8-15-14.
- (e) Before June 1, 2008, the office shall develop, with the corporation, a pilot project through which small employers that are unable to afford to offer health care coverage for employees of the small employers may obtain access to affordable health care coverage for the employees.
- (f) The office may adopt rules under IC 4-22-2 to implement this SECTION.
- (g) If the pilot project results in the availability of health care coverage to small employer groups through the pilot project at a premium rate that is at least twenty percent (20%) less than a comparable health benefit plan available to small employer groups in Indiana, an insurer may not enter into or enforce an agreement with the corporation that contains a provision that:
  - (1) prohibits, or grants the insurer an option to prohibit, the corporation from contracting with another insurer to accept lower payment for health care services than the payment specified in the agreement;
  - (2) requires, or grants the insurer an option to require, the corporation to accept a lower payment from the insurer if the corporation agrees with another insurer to accept lower payment for health care services;
  - (3) requires, or grants the insurer an option to require, termination or renegotiation of the agreement if the corporation agrees with another insurer to accept lower payment for health care services; or
  - (4) requires the corporation to disclose the corporation's reimbursement rates under contracts with other insurers.
- (h) The office shall report to the legislative council in an electronic format under IC 5-14-6 concerning the development and

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implementation of a pilot project under this SECTION before December 1, 2008.

(i) This SECTION expires December 31, 2013.

SECTION 22. [EFFECTIVE JULY 1, 2007] IC 6-3.1-31, as added by this act, applies to taxable years beginning after December 31, 2007.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1008 as printed February 20, 2007.)

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